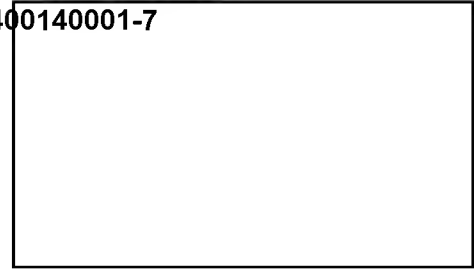




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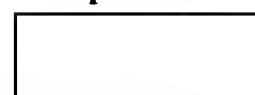
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National Intelligence Daily

*Wednesday
16 May 1979*

DIA and DOS review(s) completed.

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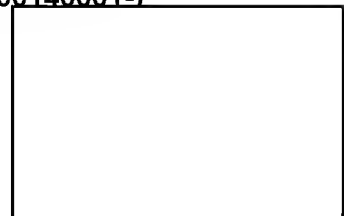
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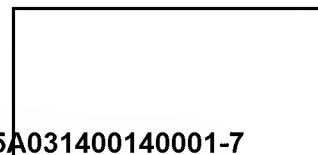
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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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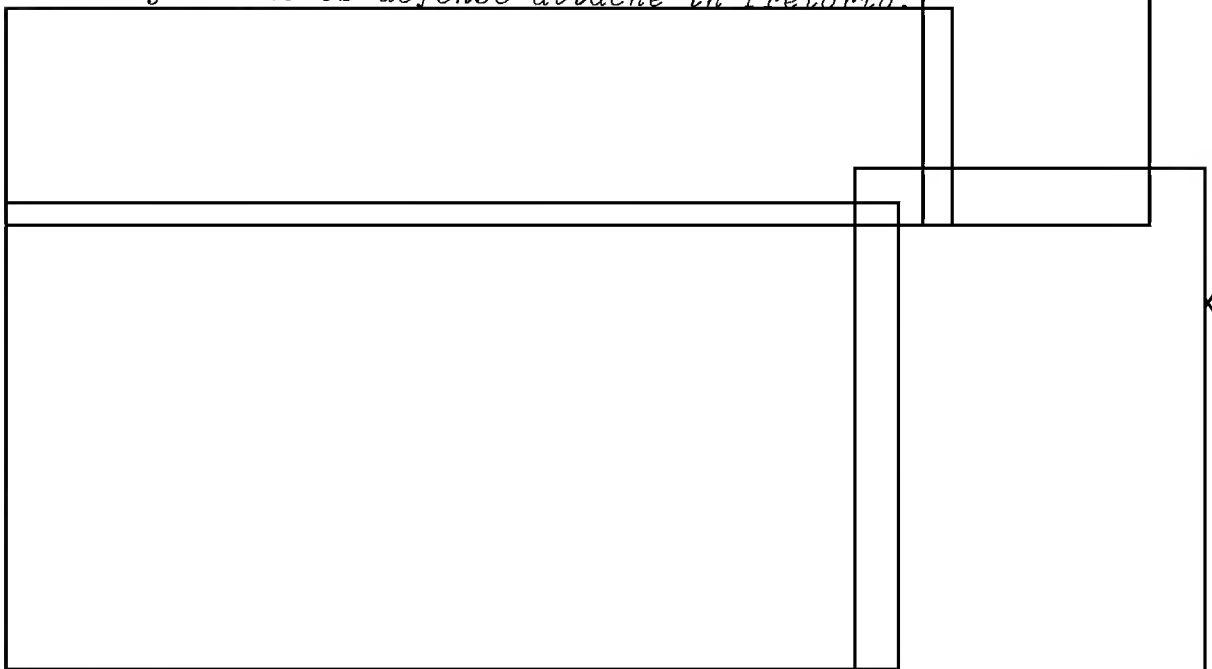
BRIEFS AND COMMENTS

SOUTH AFRICA - ANGOLA: Expected Attacks

Recent unusual South African Air Force exercises may reflect planning for a raid against guerrillas of the South-West Africa People's Organization in Angola, according to the US defense attache in Pretoria.

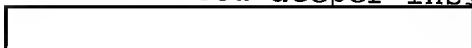
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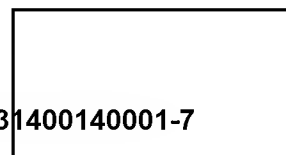


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If South Africa should decide to launch a cross-border raid, it might well choose to strike some of the many small guerrilla staging camps just inside Angola. Such an operation would satisfy current pressures for retaliation while limiting the possibility of a serious confrontation with Cuban or Angolan forces, which are now concentrated deeper inside Angola.



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NATO: Theater Nuclear Arms Control

The first two meetings of NATO's Special Group on theater nuclear arms control policy have produced some idea of the approach the West Europeans intend to take. The West Europeans have only begun to consider negotiating strategy in detail, however, and defining the linkage between theater nuclear arms control and force modernization will not be easy. [redacted]

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A pattern is emerging in the West European approach. First, the allies treat theater nuclear arms control as a step-by-step process. The first step would be to negotiate constraints on such long-range systems as the Soviet SS-20 missile and perhaps the Backfire bomber. [redacted]

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Second, most appear to favor worldwide limits on long-range theater nuclear forces, with subceilings for European forces. Most allies recognize that the Soviets could evade a Europe-only agreement by juggling mobile SS-20 deployments. [redacted]

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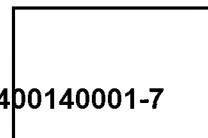
Third, the West Europeans prefer to treat theater nuclear arms control in existing forums rather than in a new one. They think SALT III would be the proper place for negotiating long-range theater nuclear arms control, and some believe that shorter range systems should be taken up in the Mutual and Balanced Force Reduction talks. [redacted]

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Most West European governments believe that firm arms control proposals are needed if force modernization programs are to have popular and parliamentary support. Denmark, Norway, and especially the Netherlands oppose any increase in NATO reliance on nuclear weapons and want to delay modernization decisions until arms control initiatives are thoroughly explored. West Germany and the UK, on the other hand, stress that force modernization is the key to the theater nuclear package. West German Foreign Office and Defense Ministry officials want NATO to reach a preliminary decision on modernization by early July. [redacted]

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The Special Group will continue to discuss arms control principles and the linkage between modernization and arms control. It will also take up the relationship between theater nuclear forces and the Western "Option III" proposal in the MBFR talks. That proposal would involve Western withdrawal from Europe of 1,000 nuclear warheads, 36 Pershing missile launchers, and 54 nuclear-capable F-4s in return for Soviet conventional armed forces reductions. The Pershing component is especially important because a follow-on missile that would fit existing Pershing launchers is a prime candidate for NATO deployment.

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Mexico-Cuba

Mexican Foreign Secretary Roel has told US Ambassador Lucey that fisheries, petroleum, and machinery will be the principal discussion topics when Presidents Lopez Portillo and Castro confer beginning tomorrow. Roel said he assumes the US would have no problem if Mexico were to sell oil directly to Cuba; on machinery, he stated that the Cubans are interested in buying equipment not available from the US because of the economic embargo. The Foreign Secretary said Lopez Portillo wanted to know whether he could help the US on any matter during his talks with Castro. [REDACTED]

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Lebanon-Syria

President Sarkis yesterday completed two days of summit talks in Damascus with Syrian President Assad on the situation in Lebanon. Lebanese Prime Minister Huss, who accompanied Sarkis, reportedly has told journalists that he and his eight-man cabinet will resign today. [REDACTED]

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COMMENT: Huss, assuming he does resign, may well be prime minister in the next government as well. Less certain is whether it will be composed of non-partisan "technocrats," politicians, or some combination thereof. [REDACTED]

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Portugal

Prime Minister Mota Pinto last night submitted to parliament a budget for this year with austerity measures reportedly only slightly less harsh than those rejected by the legislature on 22 March. The most notable concession apparently is a reduction from 56 percent to 35 percent in the ceiling of the tax on the annual salary bonus accorded Portuguese workers; Mota Pinto's complementary economic plan for 1979--not yet released--reportedly will raise the ceiling on wage increases only from 18 percent to 20 percent. Western wire service reports indicate that most political parties have reacted negatively to a televised, self-congratulatory speech by Mota Pinto on Monday night. A vote on the revised budget proposal may occur near the end of this month. 

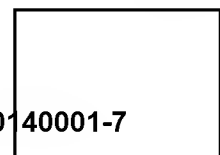
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Warsaw Pact

Budapest radio yesterday announced the arrival "in Hungary" of the Pact's Defense Ministers to participate in the Shield-79 joint exercises. The bloc's foreign ministers, meanwhile, completed their two-day meeting in Budapest yesterday. 

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West Germany

A Western news agency report, quoting informed sources in Hannover, the capital of Lower Saxony, asserts that state Minister-President Albrecht, a Christian Democrat, will announce today his government's decision not to allow construction of the proposed nuclear re-processing plant at Gorleben. He reportedly will, however, provisionally authorize underground storage of nuclear waste at that site. [REDACTED]

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COMMENT: *The nuclear power issue had become increasingly prominent in West Germany even before the Three Mile Island incident, and Albrecht's apparent decision is something of a victory for the country's environmental activists. Albrecht, whose party is much more united in favor of nuclear energy than Chancellor Schmidt's Social Democrats, discussed the Gorleben issue with the Chancellor on 30 April; the Minister-President noted that he would not proceed with nuclear energy programs while the Social Democrats do not support them. The reported go-ahead for the nuclear storage site meets a West German legal requirement that otherwise would force the shutdown of existing reactors and deny start-ups for new ones.* [REDACTED]

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UK

In a lengthy analysis of the Tory foreign policy team filed yesterday, the US Embassy in London notes that Foreign Secretary Lord Carrington, his House of Commons spokesman Sir Ian Gilmour, and Defense Secretary Pym are all political heavyweights in the Conservative Party and capable of carrying out the Thatcher government's intention to increase the UK's role in international relations. The backgrounds and opinions of the new team serve to emphasize certain traditional Tory themes, including priority attention to Europe, distrust of the USSR, business and political ties to the white community in southern Africa, and a strong defense commitment. [REDACTED]

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UK

Queen Elizabeth II yesterday opened the new session of Parliament with the traditional speech from the throne, outlining the program of the recently installed Conservative government of Prime Minister Thatcher. Key elements of the speech were the pledges to strengthen Britain's defense posture, promote law and order, cut income taxes, reduce the government's degree of ownership and control in the industrial sector, and curb the power of the UK's labor unions. [REDACTED]

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Thailand

The US Embassy in Bangkok reports that after 18 months of stability, Thai politics are shifting back to the traditional behind-the-scenes maneuvering for political and personal advantage. There is also, according to the Embassy, a growing perception that Prime Minister Kriangsak, appointed to a second term by King Phumiphon last Saturday, is not faring well. A majority of the recently elected lower house of the national legislature boycotted the formal consultations on Kriangsak's re-nomination, suggesting that relations between him and parliament will be trouble-prone. Kriangsak has said he wants to form a new cabinet by the end of the week, but the Embassy's contacts with leading Thai politicians indicate that his chances of forming a broadly based government with some major political party support have been weakened. [REDACTED]

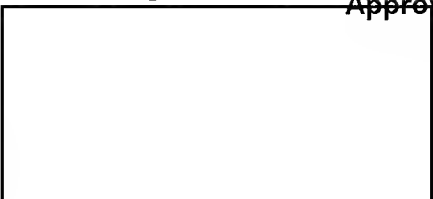
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